THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHANTARAM POTDUKHE): (a) and (b) Fourth Pay Commission recommended continuance of the same criteria of population for determining the classification of cities for payment of House Rent Allowance (HRA) as was applicable at the time of submission of their Report. Under the system then in vogue, the cities were classified with reference to the population obtaining in their respective Municipal areas. If the population of a Municipal area of a city exceeded 4 lakhs, the city was classified as 'B-2' class city. For classifying the city, the same criteria is being followed even after implementation of the recommendation of the Fourth Pay Commission.

(c) Necessary action to re-classify/upgrade cities, where necessary, for the purpose of grant of HRA would be initiated after receipt of the final population figures of 1991 Census from the Registrar General and Census Commissioner of India.

**Sacher Committee recommendations on Inventory Certification**

*371. SHRIMATI SATYA BAHIN:
SHRI MOHD. KHALEELUR RAHMAN:

Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that Sacher Committee had recommended that inventory certification in the balance sheet be done by Cost Accountants;

(b) whether it is also a fact that this recommendation is aimed at checking manipulation;

(c) whether this recommendation has not been implemented;

(d) if so, the reasons therefor; and

(e) what steps are being taken to implement the same?

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI K. VIJAYA BHASKARA REDDY): (a) and (b) Sacher Committee had recommended that in respect of companies having paid up capital exceeding Rs.25 lakhs where cost audit has been ordered, Cost Auditor should certify the inventory.

There is already a provision for annual statutory audit by Chartered Accountants who are expected to check the manipulation, if any, in inventory as appearing in balance sheet of the companies.

(c) to (e) In terms of the existing provisions of the Manufacturing & other Companies (Auditor's Report) Order 1988, issued under Section 227(4A) of the Companies Act, the Statutory Auditor is required to state whether a physical verification of inventory has been conducted by the management and also to report whether any material discrepancies have been noted on physical verification of the stock and also whether he is satisfied that the valuation of inventory is fair and proper in accordance with the normally accepted accounting principles. Section 215 of the Companies Act lays down that two directors of the company (one of whom should be Managing Director) should authenticate the balance sheet and profit & loss account. After careful consideration of the recommendation of Sacher Committee and the existing provisions of the Companies Act as detailed above, Government are of the view that there is no need to provide for additional certification of inventory in the balance sheet by the Cost Accountant.

**Subsidy for diesel fuel sanctioned by M.P.E.D.A. in Visakhapatnam**

*372. SHRI MENTAY PADMANABHAM: Will the Minister of COMMERCE be pleased to state:

(a) what is the total subsidy sanctioned by the Marine Products Export Development Agency in Visakhapatnam as on date for diesel fuel for deep sea fishing vessels;

(b) how many vessels have been approved by MPEDA for release of diesel

subsidy in Visakhapatnam as on date; and

(c) what is the amount of subsidy released by MPEDA during the financial year 1991-92?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI P. CHIDAMBARAM): (a) A total amount of Rs. 703882.50 has been sanctioned by Marine Products Export Development Authority under the export linked price reimbursement scheme on diesel oil consumed by deep sea fishing vessels based at Visakhapatnam.

(b) Under this scheme 52 vessels based at Visakhapatnam have been approved for assistance.

(c) An amount of Rs. 703882.50 has been released during financial year 1991-92.

**Loss to S.T.C. in edible oil deal**

*373. SHRI RAJUBHAI A. PARMAR: Will the Minister of COMMERCE be pleased to state:

(a) whether it is a fact that the State Trading Corporation has incurred a loss of more than Rs. 40 crores in edible oil deals;

(b) if so, what are the details of the losses incurred during the last one year; and

(c) what are the main factors responsible for the losses and what steps are being taken to fix the responsibility therefor?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI P. CHIDAMBARAM): (a) STC has not incurred any loss on edible oil imports. As the canalising agency, it buys at internationally competitive prices, edible oils for sale through the Public Distribution System (PDS). The issue price for PDS is decided by the Ministry of Civil Supplies & Public Distribution. Any surplus or deficit arising out of such sales is credited or debited as the case may be to the Government account on edible oils.

(b) and (c) Do not arise.

**Interest accrued on National Saving Scheme Deposits**

@*373A. SHRI GOPAL SINGH G. SOLANKI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the amount of interest accrued on N.S.S. Deposit is not paid to the Depositors on the maturity of the amount after three years;

(b) whether it is a fact that the income tax is deducted from the interest so accrued by the postal authorities at the time of payments even in cases where income tax returns are filled separately and the accounts were opened before the last budget; and

(c) if so, what are the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) The National Savings Scheme Rules provide for crediting of interest due on the deposits in the account at the end of each financial year. Withdrawals are permitted only once in a year, provided that the amount of such withdrawal shall not exceed the balance at the end of the fourth preceding financial year, less withdrawals, if any, already made.

(b) and (c) Income Tax is deducted at the time of withdrawal, under Section 194 EE of the Income Tax Act brought through the Finance (No.2) Act, 1991 with effect from 1.10.1991. These provisions are applicable irrespective of the fact that the account holders have filed their income-tax returns separately and have opened their accounts before the last budget.

No such deductions are, however, required to be made:—

(i) where the aggregate amount of payment in a financial year is less than Rs. 2500/-, or

@Previously Starred Question 334, transferred from 13th, Dec., 1991.